

M. John Bowen, Jr.

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August 19, 2016

Ms. Jocelyn Boyd
Chief Clerk and Administrator
South Carolina Public Service Commission
Synergy Business Park, The Saluda Building
101 Executive Center Drive
Columbia SC 29210

Re: Petition of Lockhart Power Company for Increase in Reconnect Fees

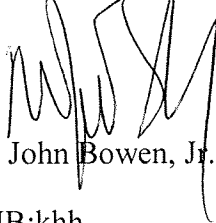
Dear Ms. Boyd:

Enclosed for filing on behalf of Lockhart Power Company, please find a Petition for Increase in Reconnect Fees.

Thank you for your assistance.

Very truly yours,

McNAIR LAW FIRM, P.A.



M. John Bowen, Jr.

MJB:khh
Enclosure

cc: Jeffrey M. Nelson, Esquire

McNAIR LAW FIRM, P.A.
1221 Main Street
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Columbia, SC 29201

Mailing Address
Post Office Box 11390
Columbia, SC 29211

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Docket No. 2016-____-E

3. Lockhart does not charge a fee when service is discontinued. Lockhart's current fee for reconnecting service ("Reconnect Fee") is \$15.00. This rate was approved by the Commission in Order No. 2002-794 in Docket No. 2002-122-E.

4. Lockhart reconnects customers upon request when payment is made both during business hours (8:00 a.m. to 4:30 p.m. Monday through Friday, holidays excepted) and after business hours. Customers who make payment by 4:30 p.m. generally can be reconnected by 6:00 p.m. Lockhart's current Reconnect Fee does not distinguish between reconnections occurring during business hours and those occurring after business hours.

5. The actual cost of reconnecting customers is significantly higher than the \$15.00 rate Lockhart currently charges. Additionally, the cost of reconnecting a customer after business hours is several times the cost of reconnecting a customer during business hours. When an employee is called in to work after-hours, it is company policy to pay the employee for a minimum of 4 hours at an overtime rate of 1.5 times the employee's regular rate of pay. While other electrical utilities in South Carolina have chosen not to reconnect customers after business hours, Lockhart would like to continue offering its customers this option while appropriately accounting for the significantly higher cost of doing so.

6. As can be seen in Exhibit 1 (Disconnect/Reconnect Analysis and Pro forma Adjustment), the estimated total direct cost of reconnecting a customer during normal business hours is \$58.03, and the estimated cost of an after-hours reconnection is \$228.93. These estimates do not include overhead, nor do they include the cost the company incurred initially to disconnect the customer.

7. Lockhart proposes to increase its Reconnect Fee to \$30 per reconnection when payment is made during business hours (8:00 a.m. to 4:30 p.m.) and \$100 per

reconnection for payments made after business hours. Customers who make payment during business hours will be charged the \$30 fee, even if actual reconnection occurs after hours. Additionally, any customers paying past due balances after hours will have the option of waiting until normal business hours for reconnection so they can take advantage of the lower Reconnect Fee of \$30.

8. The proposed rates are reasonable, as they are less than the Company's actual cost incurred in reconnecting service to customers whose service has been discontinued for violation and/or noncompliance with the Commission's regulation 103-342 *et seq.* Lockhart is proposing the price adjustments in order to bring prices for reconnection services closer to the cost of providing the services, in fairness to those customers who do not use the services.

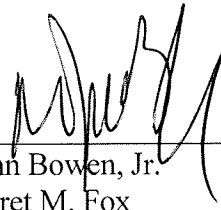
9. Lockhart further requests that the Commission allow the proposed rates to be put into effect without notice and hearing, pursuant to S.C. Code Ann. § 58-27-870(F). The rates are not being proposed as part of a general rate case and, therefore, the proposed rate adjustments do not require a determination of the entire rate structure and overall rate of return of the Company.

WHEREFORE, for the reasons stated above, Lockhart Power Company respectfully requests that the Commission

(1) issue an order approving new Reconnect Fees for Lockhart Power Company of \$30.00 per reconnection when payment is made during business hours (8:00 a.m. until 4:30 p.m., Monday through Friday, holidays excepted), and \$100.00 per reconnection when payment is made after business hours; and

(2) grant such other and further relief as is just and proper.

Respectfully submitted,

By: 
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ATTORNEYS FOR LOCKHART POWER
COMPANY

Columbia, South Carolina

August 19, 2016

DISCONNECT / RECONNECT ANALYSIS

As of August 8, 2016

CURRENTLY:

- A \$0 Disconnect Fee
- B \$15 Reconnect Fee (Business Hours and After Hours)

PROPOSED:

- A \$0 Disconnect Fee
- B Reconnect fee of \$30 during business hours and \$100 after hours. After hours is deemed to be 4:30pm. If a customer PAYS prior to 4:30pm, they will be reconnected at the business hours rate of \$30. If payment is received after 4:30pm, the customer will be charged the \$100 after hours reconnect fee if they choose to be reconnected the same day.

Grand Total Expense Reduction Due to Proposal: \$ 8,435.00

NOTE:

DUKE ENERGY SC: In SC the reconnect fee is \$15 **with no after hours reconnect**. If a customer PAYS prior to 5pm, they will be reconnected that same day. All payments received after 5pm will be reconnected the next business day. No weekend reconnects. No disconnect fee in SC.

SCE&G: In SC the reconnect fee is \$25 **with no after hours reconnect**. If a customer PAYS prior to 6pm, they will be reconnected that same day. All payments received after 6pm will be reconnected the next business day. No weekend reconnects. No disconnect fee in SC.

LOCKHART POWER COMPANY
Proforma Adjustment to Collecting Cost
for Proposed Increase in
Customer Reconnect Fee During Business Hours
For 12 Months Ended 12/31/15

Reconnection Fee: A charge to reconnect a customer after disconnection per SC PSC Regulation 103-339.5.

Present Fee: \$15.00 (Same rate for Business Hours and After Hours)

Proposed Business Hours Reconnect Fee: \$30.00

Annualized total number of reconnects made during the test year:	455
Average time required to perform a reconnect (Includes round trip travel time to customer's premises)	30 Minutes
Average rate per hour for technician performing reconnect	\$21.05 / Hr.
30 minute rate for technician performing disconnect (during business hours)	\$10.53 / 30 minutes
Fringe benefits cost as a % of labor cost	16.55%
Average round trip distance to customer's premises	32 Miles
Mileage rate used (Average Monthly Mileage Rate)	\$1.43 cents/mi.

Assumption:

Estimated 95% of reconnects are performed during working hours with the remaining
5% performed after working hours at the time-and-half rate multiplied by 4 hours (min. of 4 hours to be paid)

BUSINESS HOURS

Average Labor Cost per Reconnect During Business Hours:

(\$21.05/Hr. X .50 hours) per reconnect =	\$	10.53
Fringe benefits cost (\$10.53 X .1655)	\$	1.74

Average Transportation Cost per Reconnect:

(32 miles X \$1.43/mi.)	\$	45.76
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Total Cost per Reconnect During Business Hours	\$	58.03
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Although the analysis indicates a cost of \$58.03 per reconnect during business hours, we are proposing a rate of \$30.00.

NOTE: For each reconnect the Company has incurred the expense to disconnect as well. Therefore, the overall expense to reconnect is approx. \$116. However, for this analysis, the \$58.03 reconnect expense will be used.

Proforma Adjustment

BUSINESS HOURS

	Business Hr Reconnects	Total Actual Cost per Reconnect	Less Reconnect Fee Currently Collected	Total Expense
Current Reconnect Expense	432	\$ 58.03	\$ 15.00	\$ 18,588.96
Proposed Reconnect Expense	432	\$ 58.03	\$ 30.00	\$ 12,108.96
Total Expense Reduction				<u>\$ 6,480.00</u>

LOCKHART POWER COMPANY
Proforma Adjustment to Collecting Cost
for Proposed Increase in
Customer Reconnect Fee After Hours
For 12 Months Ended 12/31/15

Reconnection Fee: A charge to reconnect a customer after disconnection per SC PSC Regulation 103-339.5.

Present Fee: \$15.00 (Same rate for Business Hours and After Hours)

Proposed After Hour Reconnect Fee: \$100.00

Annualized total number of reconnects made during the test year:	455
Average time required to perform a reconnect (Includes round trip travel time to customer's premises)	30 Minutes
Average rate per hour (time and a half) for Sr. Technician (Lineman) performing reconnect	\$39.29 / Hr.
Fringe benefits cost as a % of labor cost	16.55%
Average round trip distance to customer's premises	32 Miles
Mileage rate used (Average Monthly Mileage Rate)	\$1.43 cents/mi.

Assumption:

Estimated 95% of reconnects are performed during working hours with the remaining
5% performed after working hours at the time-and-a-half rate multiplied by 4 hours (min. of 4 hours to be paid)

AFTER HOURS

Average Labor Cost per Reconnect After Hours:

(\$39.29/Hr. X 4 hours) per reconnect =	\$ 157.16
Fringe benefits cost (\$157.16 X .1655)	\$ 26.01

Average Transportation Cost per Reconnect:

(32 miles X \$1.43/mi.)	\$ 45.76
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Total Cost per Reconnect After Hours	<u>\$ 228.93</u>
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Because the analysis indicates a cost of \$228.93 for after hours reconnects, we are proposing \$100.00 reconnect fee for all reconnects after business hours. After hours is deemed to be 4:30pm. If a customer PAYS prior to 4:30pm, they will be reconnected at the business hours rate of \$30.00. If a payment is received after 4:30pm, the customer will be charged the \$100 after hours reconnect fee if they choose to be reconnected the same day. **NOTE:** For each reconnect the Company has incurred the expense to disconnect as well. Therefore, the overall expense to reconnect is approx. \$287. However, for this analysis, the \$228.93 after hours reconnect expense will be used.

Proforma Adjustment

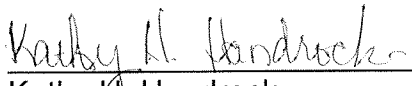
	Business Hr Reconnects	Total Actual Cost		Less Reconnect Fee Currently Collected	Total Expense
		per Reconnect			
Current Reconnect Expense	23	\$ 228.93	\$ 15.00		\$ 4,920.39
	Business Hr Reconnects	Total Actual Cost		Less Reconnect Fee Currently Collected	Total Expense
		per Reconnect			
Proposed Reconnect Expense	23	\$ 228.93	\$ 100.00		\$ 2,965.39
Total Expense Reduction					<u>\$ 1,955.00</u>

BEFORE
THE PUBLIC SERVICE COMMISSION OF SOUTH CAROLINA
DOCKET NO. 2016-____-E

IN RE:)	
Petition of Lockhart Power Company)	CERTIFICATE OF SERVICE
for Increase in Reconnect Fees)	
)	
)	
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This is to certify that I, Kathy H. Handrock, a Paralegal with the McNair Law Firm, P.A., have this date served one (1) copy of the **Petition of Lockhart Power Company for Increase in Reconnect Fees** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

Jeffrey M. Nelson, Esquire
Office of Regulatory Staff
1401 Main Street, Ste. 900
Columbia, SC 29201



Kathy H. Handrock
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TEL: (803) 799-9800

August 19, 2016

Columbia SC